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of rural communities.

GUARANTEED RURAL HOUSING HANDBOOK - GEORGIA

(revised April 12, 2007)



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www.rurdev.usda.gov/ga/rhs.htm

CONTENTS

Overview.....	3
Loan Guarantee Process	4
RD Forms & Websites	5
Guarantee Fee	6
Applicant Eligibility	7
Income Limits	8
Credit History	9
Ratios	10
Loan Purposes	11
Loan Limits, Rates/Terms & Costs	12
Property Location	13
Sites	14
New Construction	15-17
Existing Dwellings	18-19
Appraisals	20
Dwelling Types	21
Underwriter Issues	22
Administrative Notices	23
RD Staff	24-27
<u>Checklists:</u> Origination28 Final Submission	29
<u>Waivers:</u> Credit30 Ratio	31
Loan Comparison	32

GUARANTEED RURAL HOUSING (GRH) LOAN PROGRAM OVERVIEW

- 1 Loan up to appraised value plus the guarantee fee (102% LTV)
- 2 No PMI
- 3 30-year fixed rate loan
- 4 No max loan amount
- 5 Ratios are 29/41 (31/43 on New Construction that meets the 2000 International Energy Conservation Code with Georgia Amendments). Ratio waivers possible with compensating factors
- 6 No credit explanations when middle credit score is 620 or above
- 7 Lender risk is minimized due to government guarantee, & is more attractive to many secondary lenders
- 8 Soft second financing such as SHIPP, HOME or FHLB can be used for closing costs and not counted in ratios
- 9 Applicant can have and retain liquid assets of up to 20% of purchase price and still be eligible (would be unable to qualify for conventional 20% down-payment loan)
- 10 Unrestricted gifts
- 11 Non-traditional credit may substitute for lack of traditional credit history
- 12 No reserves required
- 13 For New and Existing Properties (except no existing manufactured homes)
- 14 Not limited to first-time home buyers
- 15 Available secondary markets: wholesale lenders as well as Fannie Mae and Freddie Mac
- 16 Helps Lender meet Community Reinvestment Act (CRA) requirements
- 17 No special Agency approval necessary for appraisers and builders
- 18 Local friendly Agency staff available to assist - (Pg. 25) [RD staff locator](#)
- 19 Only 4 government forms required (1 Origination; 3 Post-Closing)

- NOTE: Wholesale lenders may have restrictions based on their secondary marketing

➤ **Things to remember:**

- [Income Limits](#) (Also, see page 8)
- Property must be in designated [rural area](#)
- Interest Rates—Max. allowed is the higher of the [FNMA 90-day yield rate](#)+ 6/10% rounded up to the nearest ¼% or the documented VA rate
- Applicant cannot already own an adequate home *within the local commuting area* by time of closing this loan. Sale of local home on same day before loan closing is OK
- No physical lot size limit. But lot value, as determined by appraiser, cannot exceed 30% of value of the total package (house and land)
- Homebuyer education required for 1st-time homebuyers
- If the loan or its servicing is sold, a properly completed Form RD 1980-11 must be submitted to RD

LOAN GUARANTEE PROCESS

1980-D, 1980.354-362

- Originating or underwriting lender determines if applicant meets Rural Development (RD) eligibility guidelines and if the property is located in an eligible area
- Underwriting lender should submit underwritten application packages using the Origination Package Checklist (page 28) directly to Rural Development's Local Office serving the county in which the property is located (see pages 25-27).
- Rural Development Manager or designee reviews package and issues *Conditional Commitment for Guarantee* or will express the need for additional information within 2 business days.
- Once Conditional Commitment is received, the lender may close the loan subject to the conditions listed.
- A Conditional Commitment is good for 90 days unless otherwise stated. It can be extended **one time only** for an additional 90 days upon written request to RD.
- After the loan closing, the Lender uses the RD Final Submission Checklist (page 29) and submits the closing package to RD along with the guarantee fee.
- RD reviews and issues the Loan Note Guarantee.

RD FORMS & WEBSITES

➤ Origination

- [Form 1980-86](#) – OPTIONAL (*Reservation of Funds*)
- [Form 1980-21](#) (*Request for Single Family Housing Loan Guarantee*)

➤ Closing

- [Form 1980-19](#) (*Loan Closing Report*)
- [Form 1980-18](#) (Lender Certifications - reverse of “*Conditional Commitment*” and its Attachment)
- [Form 1980-11](#) (*Lender Record Change* - if applicable)

- RD Homepage for: [GA](#) ; [Nation-wide](#)
- Governed by [1980-D regulation](#)
- [Income / Property Eligibility](#)
- Updates are issued by [Administrative Notices](#) (“ANs”). Look for ones pertaining to 1980-D
- [Sign up](#) for automated updates

Guarantee Fee

The one-time guarantee fee amount is 2 percent of the loan amount, and
.5 percent for refinancing an existing GRH or Direct loan.

Approved Lenders and RD staff will be notified of any change to the fee.

This fee can be financed into the loan – even exceeding the appraised value (102% LTV).

The fee is the only amount by which the loan can exceed the appraised value.

If it is not being financed, the LTV is 100%.

When the guarantee fee is not
the loan:

Sales price \$ _____

+ Financed closing costs
(not Guar. Fee) \$ _____

= Loan Amount \$ _____

x .02 \$ _____
Fee

When guarantee fee is financed in the

Sales price \$ _____

+ Financed closing costs
(not Guar. Fee) \$ _____

= Subtotal \$ _____

Subtotal divided by
.98 X .02 \$ _____
Fee

Subtotal \$ _____

+ Guarantee fee \$ _____

=

\$ _____
TOTAL LOAN AMOUNT

MAKE FEE PAYABLE TO:
USDA RURAL DEVELOPMENT

APPLICANT ELIGIBILITY

➤ TWO TYPES OF INCOME:

1) HOUSEHOLD INCOME: All gross household income must be counted toward Income Limits (next page),

2) REPAYMENT INCOME: Only the adequate and dependable income of Promissory Note signers.
Typically, income with less than 24 months' history is not used. Underwriter documents dependability.

➤ RATIOS: 29 / 41 - Any Ratio Waiver granted (pg. 31) must document compensating factors (pg. 10).

➤ CREDIT HISTORY: Credit is acceptable if middle credit score is 620 or higher. If below 620, underwriter must do a full credit assessment per pages 36-37 of [1980-D regulation](#). Waivers must be documented on Credit Waiver (pg. 30).

➤ PREVIOUS LOAN: The applicant cannot have had a previous RD loan which resulted in a loss to the government unless RD determines the loss was beyond the applicant's control.

➤ OTHER FEDERAL DEBT: The applicant cannot be delinquent on a tax or non-tax federal debt. The Lender will check HUD's CAIVRS system for this purpose.

➤ PRESENT HOUSING: The applicant cannot own an adequate dwelling within the local commuting area after the proposed loan closes. A manufactured home on a rented site or on a non-permanent foundation is considered inadequate.

➤ OTHER CREDIT: The applicant must be unable to obtain conventional credit (80% LTV loan) without an RD Guarantee.

➤ CITIZENSHIP: The applicant must be a citizen or a legally admitted alien.


➤ LEGAL CAPACITY: The applicant must possess the legal capacity to incur the loan obligation.

➤ OCCUPANCY: The applicant must have the potential ability to personally occupy the home on a permanent basis.

INCOME LIMITS GEORGIA

Effective 4/12/07

Adjusted gross INCOME – must be below these limits:

	Household size							
	1	2	3	4	5	6	7	8
Atlanta MSA (24 counties) (Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Heard, Henry, Jasper, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, Walton)	\$ 57,300	\$ 65,500	\$ 73,700	\$ 81,850	\$ 88,400	\$ 94,950	\$ 101,500	\$ 108,050
Houston County	\$ 48,150	\$ 55,050	\$ 61,900	\$ 68,800	\$ 74,300	\$ 79,800	\$ 85,300	\$ 90,800
Monroe County "Special Exception Area"	\$ 48,700	\$ 55,700	\$ 62,650	\$ 69,600	\$ 75,150	\$ 80,750	\$ 86,300	\$ 91,850
All other counties in GA	\$ 48,000	\$ 54,850	\$ 61,700	\$ 68,550	\$ 74,050	\$ 79,500	\$ 85,000	\$ 90,500

[Click here](#) for up-to-date income limits on the web

Above limits are adjusted household gross incomes. Adjustments to income are:

- \$480 per household member who is:
 - Under 18 years old
 - 18 years old or older and disabled
 - 18 years old or older and a full-time student
- \$400 for an elderly borrower. Defined as an applicant who is:
 - Age 62 or older or
 - Disabled
- 100% of Child Care for minors 12 years old or younger to the extent necessary to enable the borrower's family to be gainfully employed or to further education. Payment cannot be made to persons that can be claimed as a dependent.
- Medical expenses not covered by insurance for an elderly household member that exceed 3% of gross annual income.

Credit History

1980-D, 1980.345 (d)

Also, see AN List – page 23

Credit Scores

Use the middle score if 3 scores issued; use the lower if only 2 scores issued.

If the credit score is:

- **620 or above**, credit is considered acceptable. Also, documentation is streamlined as follows:
 - No credit waiver required if derogatory trade lines appear (except for delinquent Federal debt)
 - No rental history required
- **Below 620**, a full credit assessment must be done by the underwriter in accordance with pages 36-37 of the 1980-D regulation. Underwriters should be especially cautious of layered risks (in addition to the lower credit score), such as:
 - Questionable repayment income or job stability: The lender's underwriter is responsible for calculating income & approving the loan. Applicants with commission only jobs or varying amounts of overtime and bonus income may not exhibit enough stable income to qualify.
 - Ratio waivers should be avoided unless strong supporting documentation
 - Credit waiver: If the underwriter deems the adverse credit acceptable, then the underwriter should document their decision on the FNMA form 1008 in the "Underwriter Comments" section. If any waiver is considered, or the applicant has questionable repayment or job stability, the loan record must contain sufficient justification by the underwriter for approving the loan. If a credit waiver is granted, the lender must secure documentation evidencing that the circumstances surrounding the adverse information were:

Temporary in nature, and
Were beyond the applicant's control, and
Have been removed so their reoccurrence is unlikely

Alternately, the lender must secure documentation evidencing that the delinquency arose from a justifiable dispute related to defective goods or services.

Waivers must be documented and signed by the underwriter on the Credit Waiver in this package.

- Bankruptcies must be discharged for: 12 months for a Chapter 13; 36 months for Chapter 7.
- An active judgment cannot be waived.
- Acceptable credit reports: RMCRs, dual-merged or tri-merged, and Non-traditional credit reports.
- Collection accounts: If the Lender determines there are mitigating circumstances, the Lender is responsible to determine what collection accounts, if any, should be paid in full by the applicant prior to or at loan closing. Mitigating circumstances must be documented in the Lender's file and on the underwriting transmittal (1008 or its equivalent).

Ratios

1980-D, 1980.345 (b) & (c)
Also, see AN List – page 23

Limits - 29 / 41

Total Debt ratio must include debts with 6+ months remaining, alimony/child support paid & other short-term debt of significant impact.

WAIVERS (See AN List – page 23)

- If either ratio exceeds 29/41, then the Underwriter should clearly document their reason for allowing higher ratios by documenting compensating factors on the Ratio Waiver in this package.
- The RD Official must concur in writing with the waiver.
- Compensating factors include: 660+ credit score, accumulated savings, substantial cash reserves after closing, conservative use of credit, PITI < rent, potential for increased earnings due to job training or higher education in their profession.
- A low TD ratio can be coupled with other factors to help support a waiver, but it does not compensate by itself.

- Higher ratios – no waiver (“Energy Advantage Program”)
 - Currently, an applicant may have ratios of 31/43 if the lender documents that the house being purchased was built or upgraded in accordance with the 2000 International Energy Conservation Code (EICC). This is a pilot program that will be re-evaluated after December 2007.
- Reducing ratios through:
 - Discount points - One underused provision is allowing only low income applicants to finance loan discount points to reduce the interest rate from the authorized maximum rate.
 - Buydowns – with the ability to use compensating factors to issue ratio waivers, the use of buydowns is not as common as in the past. The ratios must be within program guidelines after the buydown is in place unless strong compensating factors are documented (this is risk layering).
 - Section 8 Vouchers – See AN List – page 23

Loan Purposes

1980-D, 1980.310

- Purchase a new or existing dwelling/lot [includes townhouses (condo/PUD)]
- Condominium units have special requirements (see AN list)
- Legal fees, title services, loan closing costs (including the Guarantee Fee)
- Establish escrow accounts
- Payment of discount points (only for Low-Income applicants)
- Refinancing is limited to existing RD Guaranteed or RD direct loans. These loans have a .5% (1/2%) Guarantee Fee. Direct loans may have subsidy recapture due. [See ANs on this issue – page 23]

Prohibited Loan Purposes

- Purchase or improvement of income producing land or buildings
- Purchase of a dwelling with an in-ground swimming pool
- Purchase an existing manufactured home
- Purchase of furniture or other personal property
- Refinancing debts owed the Lender (other than construction/development & financing incurred with the proposed loan)
- Payment of fees, charges or commissions such as finder's or placement fees
- Properties with farm service buildings

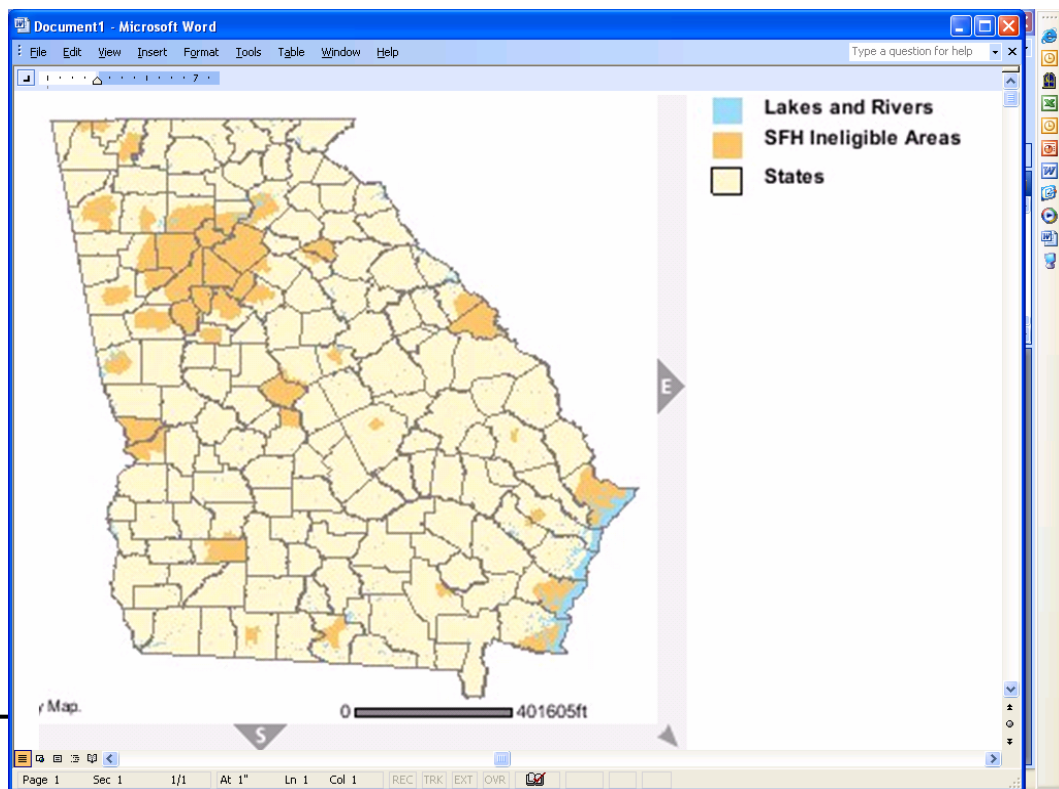
Loan Limits, Rates, Terms & Costs

- Maximum loan amount is determined by repayment ability and appraised value.
- Maximum loan amount is:
 - ❖ 100% of appraised value if guarantee fee is NOT financed;
 - ❖ 102% of appraised value when the entire guarantee fee IS financed.
The appraised value can only be exceeded by the amount of the guarantee fee being financed.
- Loan amount may include all closing costs and guarantee fee.
- Payments must be made monthly.
- Term of loan must be 30 years.
- Late fee must not exceed HUD, FNMA or FHLMC limits and are not covered by guarantee.
- Interest rates cannot exceed the higher of either the FNMA 90 day posted yield fixed rate, plus 60 basis points (.6%) rounded up to the nearest one quarter of one percent (.25%) -or- the VA rate Lender charges VA customers. [Click here](#) for the FNMA site for obtaining this rate.
- Lender's charges and fees must be the same as what is charged other customers (See AN List – page 23)

Property Location

1980-D, 1980.313

- Since the Agency is the USDA, it can only finance properties located in a designated [rural areas](#).
- **ENTIRELY INELIGIBLE COUNTIES (10)**
Bibb, Clarke, Clayton, Cobb, DeKalb, Fayette, Gwinnett, Muscogee, Richmond and Rockdale
- **COUNTIES WITH SOME INELIGIBLE AREAS**
Baldwin, Bartow, Bibb, Brooks, Bulloch, Camden, Carroll, Catoosa, Chatham, Chattahoochee, Cherokee, Columbia, Coweta, Dade, Dougherty, Douglas, Floyd, Forsyth, Fulton, Glynn, Hall, Henry, Houston, Jones, Laurens, Lee, Liberty, Long, Lowndes, Madison, Newton, Oconee, Paulding, Spalding, Thomas, Troup, Walker, Ware and Whitfield
- **ENTIRELY ELIGIBLE COUNTIES** - All other counties in Georgia.



Sites

1980-D, 1980.313

- The property must be contiguous to and have direct access from a street, road, or driveway. Streets and roads must be hard surfaced or all-weather surface.
- Value of the site must not exceed 30% of the total property value (exceptions can be made if the value is typical for the area and cannot be subdivided into 2 or more lots).
- Subdivisions must be approved by local, regional, state, or federal agencies. Dwellings in a Planned Unit Development (PUD) are acceptable (see AN List).
- If shared and/or easement driveway, there must be a recorded, perpetual, non-exclusive easement for ingress and egress.
- Properties with community wells or sewage systems will require a state operating permit, evidence of compliance with the Safe Drinking Water Act and the Clean Water Act, and a legally binding agreement which allows the Lender to enforce the obligation of the operator to provide satisfactory service at reasonable rates. Lenders retain in their file.
- RD reserves the right to inspect the property prior to issuing the Conditional Commitment if concerns exist.
- Class I or II Environmental Reviews will delay processing (ex: floodplains).

New Construction

Less than 1 year old and never been lived in
(See AN List – page 23)

- Agency regulations recognize the trust the Agency places in approved lenders. Program regulations do not require the lender to submit documentation maintained in the lender's file regarding new construction, such as:
 - Copies of plans, drawings and specifications (optional by Lender)
 - Certifications regarding the plans, drawings and specifications certified to meet the current edition of the [GEORGIA STATE MINIMUM STANDARD CODES](#).
Although lenders may voluntarily elect to use Form RD 1924-25, *Plan Certification*, this form is not a required form for the guaranteed program. The certification may be on the plans and drawings, a separate form, or on any document that conveys the necessary information.
 - Building permits
 - Copies of new construction inspections
 - Occupancy Certificates
 - Copies of construction warranties

New Construction (cont'd)

Less than 1 year old and never been lived in

(See AN List – page 23)

➤ **Plan certifications** (evidence is retained in Lender's file):

- A copy of the Building Permit or Certificate of Occupancy (CO) if the county/city has adopted the GA Building Codes or
- A Form RD 1924-25 or similar document executed by:
 - A builder who is enrolled in a Ten Year Warranty plan approved by RD – they must list his/her warranty company name and builder's number
 - A County Plan reviewer who has had Code training and is certified as a Plan Reviewer
 - A licensed Architect or a licensed Engineer or
 - A Plan Service (such as Standard Home Plans, W.D. Farmer)

➤ **Inspections** (retained in Lender's file):

When a 1-year builder warranty is obtained, lender retains warranty plus:

- The Certificate of Occupancy issued by a local jurisdiction that performs at least 3 construction phase inspections, including those prescribed in RD Instruction 1980-D §1980.341(b)(2), or
- Evidence of three construction inspections performed (footing, dry-in, final).

When a ten-year warranty (approved by RD) is obtained, lender retains warranty plus the final inspection.

If the house was appraised subject to completion per plans/specs, the appraiser must do a follow-up inspection to determine that the completed house represents the appraised property.

➤ **Warranties** (retained in Lender's file)

- A minimum of a 1-year builder's warranty is required
- A 10-year warranty is preferred . It is required if only final inspection has been done

New Construction (cont'd)

Less than 1 year old and never been lived in

(See AN List – page 23)

➤ PERMITS/CERTIFICATIONS

Items needed (kept in Lender's file) when new house is in a "Code County/City" (has adopted the [GA Building Codes](#)):

- Certificate of Occupancy
- Well/septic certification (if applicable)
- Termite certification
- Minimum 1-year Builder's Warranty

Items needed (kept in Lender's file) when new house is in a "Non-Code County/City" (has not adopted the [GA Building Codes](#)):

- Plan certification (see previous page)
- Inspection reports (see previous page)
- Well/septic certification (if applicable)
- Termite certification
- Minimum 1-year Builder's Warranty (If an acceptable 10-year Warranty used, only final inspection is required)

➤ THERMAL COMPLIANCE - NEW CONSTRUCTION

Homes must meet thermal requirements (built in accordance to the current [GA Energy Code](#) which is the International Energy Conservation Code with state amendments). Evidence in Lender's file may include a plan certification that references the GA Energy Code or a C.O. if the county/city has adopted the GA Energy Code.

Existing Dwellings

More than 1 year old or previously lived in

(See AN List – page 23)

➤ **INSPECTIONS** (FHA appraiser or home inspector)

The dwelling must meet the current requirements of:

- HUD Handbook 4150.2 (appraisal handbook) and
- HUD Handbook 4905.1 (*Requirements for Existing Housing-One to Four Family Living Units*).

➤ FHA Appraiser

Inspections of existing properties may be accomplished by contracting for an FHA appraisal using HUD's current appraisal process. The new appraisal forms that may fulfill existing home inspection requirements beginning 1/1/06 can be found in the "Appraisal" section (page 20).

➤ Home inspector

- When FHA appraisals are not accessible or available, a home inspection report completed by an inspector deemed qualified by the lender will satisfy the existing home inspection requirement for the GRH program.
- When required, Lenders are expected to obtain the home inspection report prior to an appraisal to determine the suitability of the dwelling for the program and what repairs will be required. A copy of the inspection will be provided to the loan applicant.

➤ Repairs

The Agency requires only those repairs necessary to ensure that the dwelling is structurally sound, functionally adequate, and in good repair under 1980.313. Repair of minor items on the home inspection report can be negotiated between the buyer and seller.

Existing Dwellings (cont'd)

More than 1 year old or previously lived in

(See AN List – page 23)

➤ THERMAL REQUIREMENTS – 1980.313(f)

For counties above the fall line:

Baldwin, Banks, Barrow, Bartow, Butts, Carroll, Catoosa, Chattooga, Cherokee, Columbia, Coweta, Dade, Dawson, Douglas, Elbert, Fannin, Floyd, Forsyth, Franklin, Fulton, Gilmer, Glascock, Gordon, Greene, Habersham, Hall, Hancock, Haralson, Hart, Heard, Henry, Jackson, Jasper, Jones, Lamar, Lincoln, Lumpkin, Madison, McDuffie, Meriwether, Monroe, Morgan, Murray, Newton, Oconee, Oglethorpe, Paulding, Pickens, Pike, Polk, Putnam, Rabun, Spalding, Stephens, Taliaferro, Towns, Troup, Union, Upson, Walker, Walton, Warren, White, Whitfield, Wilkes

- R-30 in the ceilings
- R-19 under crawl spaces/basements/garages
- Storm windows or thermo-pane windows
- Storm doors or Insulated doors

For counties below the fall line:

Appling, Atkinson, Bacon, Baker, Ben Hill, Berrien, Bibb, Bleckley, Brantley, Brooks, Bryan, Bulloch, Burke, Calhoun, Camden, Chandler, Charlton, Chatham, Chattahoochee, Clay, Clinch, Coffee, Colquitt, Cook, Crawford, Crisp, Decatur, Dodge, Dooly, Dougherty, Early, Echols, Effingham, Emanuel, Evans, Glynn, Grady, Harris, Houston, Irwin, Jeff Davis, Jefferson, Jenkins, Johnson, Lanier, Laurens, Lee, Liberty, Long, Lowndes, Macon, Marion, McIntosh, Miller, Mitchell, Montgomery, Peach, Pierce, Pulaski, Quitman, Randolph, Schley, Screven, Seminole, Stewart, Sumter, Talbot, Tattnall, Taylor, Telfair, Terrell, Thomas, Tift, Toombs, Truetlen, Turner, Twiggs, Ware, Washington, Wilcox, Wayne, Webster, Wheeler, Wilkinson, Worth

- R-26 in the ceilings
- R-13.5 under crawl spaces/basements/garages
- Storm windows or thermo-pane windows
- Type I exterior door

Appraisals

All types of dwellings

(See AN List – page 23)

- The Lender will use an appraiser who is Licensed, Certified Residential, or Certified General by the Georgia Real Estate Appraisers Board to appraise real estate in Georgia involving federally related transactions.
- Appraisal should be less than 6 months old.
- Lenders will instruct their appraisers to use the following appraisal forms in relation to a SFH guaranteed loan:
 - Uniform Residential Appraisal Report (FNMA Form 1004/FHLMC Form 70) for one unit single family dwellings, or
 - Manufactured Home Appraisal Report and addendum (FNMA Form 1004C/FHLMC Form 70B) or
 - Individual Condominium Unit Appraisal Report (FNMA Form 1073/ FHLMC Form 465) for all individual condominium units
- The Cost Approach method needs to be done only in cases in which it is requested by the Lender, or considered by the appraiser to be a good indicator of value for the subject property. (As an example, the appraiser may believe that the cost approach is a good indicator of value if the dwelling is less than one year old or has been recently renovated.)
- Manufactured Homes: It is State policy to have the appraisal on all Manufactured Homes reviewed by the Appraisal Staff in the SFH Division prior to the issuance of the Conditional Commitment.
- RD Review: An administrative review of the appraisal will be done by RD prior to issuance of a Conditional Commitment.

Dwelling Types

1980-D ,1980.310 & 1980.313

➤ Dwellings eligible under this program include:

- New and existing site-built homes.
- New and existing modular homes (generally similar to site-built homes, but are built in a plant, transported to the site, and lifted by crane onto the site-built foundation). These will have a Department of Community Affairs (DCA) label in the unit to designate it as “modular”. These generally have wooden floor girders.
- Condominium units that meet the current RD AN - See AN List – page 23
- Homes within a PUD (Planned Unit Development) – See AN List – page 23.
- Only new “manufactured” homes that are set up by an approved dealer/contractor. The Local Office of RD has a list of approved dealer/contractors. Appraisals on these must be reviewed by the State Office Appraisal Staff before Conditional Commitment is issued. These units will have a HUD label on the exterior of each section to designate it as a “manufactured” home .
- The term “townhouse” refers to the physical layout of a dwelling unit. See the above references to determine if the unit is a condo or PUD.

➤ Prohibited features

- In-ground swimming pool -or-
- Income-producing buildings/land

Underwriting Issues

- **Risk Layering** (See AN List – page 23)
Risk layering is the existence of multiple levels of risk in an application such as payment shock, credit waiver, ratio waiver, buydown, recent self-employment, etc. Generally, RD will allow only 1 layer of risk without additional documented strong compensating factors. Lenders should be very cautious when evaluating applications with multiple layers of risk.
 - **Payment Shock** (See AN List – page 23)
When PITI is more than twice their existing rent. Measured as a percentage by dividing the new PITI by previous housing expense minus 1. In cases where payment shock is 100% or higher, no additional risk layering should be allowed unless strong compensating factors are present.
 - **Credit Waivers** – see page 9
 - **Ratio Waivers** – see page 10
 - **Non-U.S. Citizens** (See AN List – page 23)
Approved applicants must be a U.S. citizen, a U.S. non-citizen national, or a qualified alien. See AN 4200 (or its replacement) for acceptable documentation.
 - **Deferred Student Loans**
Payments on deferred loans must be included in total debt ratios, even if they are deferred for more than 1 year.
 - **Loan Amount or Interest Rate Increases**
When submitting a request to increase the loan amount or the interest rate of a loan, send the following to the Rural Development Manager:
 - New Form RD 1980-21 (new date and new signatures)
 - New FNMA 1003 (application)
 - Statement of new qualifying ratios (can use a new 1008)
- THESE DOCUMENTS SHOULD BE SENT TO RURAL DEVELOPMENT AFTER UNDERWRITER APPROVAL, PRIOR TO LOAN CLOSING. A REVISED CONDITIONAL COMMITMENT FOR GUARANTEE SHOULD BE RECEIVED BEFORE THE LOAN IS CLOSED.***
- Loan amount or interest rate decreases do not have to be submitted for review or concurrence.
- **Homebuyer Education** - required for first-time homebuyers
 - “Grossing-up” Non-Taxed Income is allowed
 - **Earned Income Credit** may be added to repayment income

Administrative Notices

["ANs"](#) - as of 4/12/07
[Sign up](#) to receive updates by email

<u>AN #</u>	<u>Date</u>	<u>Subject</u>
4162	3/29/06	Underwriting Guidelines (payment shock / risk layering)
4163	3/29/06	Ratio Waivers
4170	4/13/06	Credit History Verification
4178	4/28/06	Repayment Income for Self-Employed Applicants
4179	4/28/06	Employment Income – Alternative Documentation
4196	7/10/06	Condominium Requirements
4199	7/21/06	Section 8 Vouchers
4200	7/26/06	Non-U.S. Citizens
4202	8/12/05	Loan Note Guarantee Replacement
4216	4/20/06	Collection Accounts
4217	8/12/05	Lender Charges & Fees
4221	10/4/05	New Construction Requirements & PUDs
4237	1/25/07	Utilizing Credit Scores
4238	2/2/07	New GRH Loan to Refinance a Direct Loan
4239	2/2/07	New GRH Loan to Refinance an Existing GRH Loan
4249	2/23/07	Conditional Commitment for Proposed New Construction
4260	3/29/07	Existing Dwelling Inspections; Acceptable Appraisal Forms



GUARANTEED RURAL HOUSING STAFF
STATE OFFICE (ATHENS, GA)

USDA, Rural Development
355 E. Hancock Ave., Stop # 306
Athens, Georgia 30601
Phone: 706-546-2169
Fax: 706-546-2139

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EDWARD PEACE

Single Family Housing Specialist
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PATRICIA CRUSE

Single Family Housing Specialist
E-mail: patricia.cruse@ga.usda.gov



LOCAL OFFICES - GEORGIA

Bainbridge

Kirk Chambers, RDM
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Bainbridge, GA 31717
229-246-5773 / fax 229-246-7315

Barnesville

Charles V. Adkins, RDM
118 Academy Drive
Barnesville, GA 30204
770-358-2280 / fax 770-358-6788

Blackshear

Shandolyn Smith, RDM
707 Hendry Street
Blackshear, GA 31516
912-449-5577 / fax 912-449-1024

Byron

Tamika Smith-McGhee, RDM
102 Church Street
Byron, GA 31008-0849
478-956-6484 / fax 478-956-6473

Camilla

Debra Bell-Dison, RDM
30 West Broad Street
Camilla, GA 31630
229-336-0371 / fax 229-336-1867

Clarksville

Gerald W. McDuffie, RDM
555 Monroe Street
Clarksville, GA. 30523
706-754-6239 / fax 706-754-9821

Dawson

Mancil R. Walden, RDM
955 Forrester Drive
Dawson, GA 31742
229-995-5811 / fax 229-995-8414

Douglas

Albert J. Walker, RDM
703 East Ward Street
Douglas, GA 31742
912-384-4811 / fax 912-384-5446

Gainesville

Wesley B. Sparks, RDM
734 E. Crescent Drive, Suite 100
Gainesville, GA 30501
770-536-0547 / fax 770-536-6076

Hartwell

Marlyn Hollis, RDM
88 Market Street
Hartwell, GA 30643
706-376-5451 / fax 706-856-3350

Jasper

Benjamin C. Davis, RDM
55-A Dixie Street
Jasper, GA 30143
706-692-6417 / fax 706-692-9344

Lafayette

Gus Purvis, RDM
208-A North Duke Street
LaFayette, GA 30728
706-638-2189 / fax 706-638-2371

Monroe

Henry J. "Jeff" McLeod, RDM
129 North Midland Ave.
Monroe, GA 30655
770-267-8363 / fax 770-267-1341

Newnan

W. C. Blackmon, RDM
580 Bullsboro Dr., Suite C
Newnan, GA 30264
770-253-2555 / fax 770-253-7032

Ocilla

Godfrey Hinds, RDM
Agricultural Bldg.
401 South Cherry Street
Ocilla, GA 31774
229-468-9461 / fax 229-468-9561

Rome

Mark A. Rice, RDM
1401 Dean Street, Suite M
Rome, GA 30161
706-291-5705 / fax 706-291-5623

Statesboro

Jeanmarie F. DeLoach, RDM
151 Langston Chapel Rd.
Suite 500
Statesboro, GA 30458
912-871-2620 / fax 912-871-6547

Tennille

Deborah Pennington, RDM
114 Smith Street
Tennille, GA 31089
478-552-0901 / fax 478-553-0372

Thomson

Roger C. Jenkins, RDM
226 Bob Kirt Road, NW
P. O. Box 1255
Thomson, GA 30824
706-595-1339 / fax 706-595-5025

Valdosta

Evette M. Mills, RDM
2108 East Hill Avenue
Valdosta, GA. 31601
229-244-9828 / fax 229-249-9924

Waynesboro

Eugene Love, RDM
Burke Co. Office Park
715 West 6th Street
Waynesboro, GA 30830
706-554-4486 / fax 706-554-4408

COUNTY	LOCATION	ST-CTY CODES		COUNTY	LOCATION	ST-CTY CODES
Appling	Blackshear	10-001		Dooly	Ocilla	10-046
Atkinson	Douglas	10-002		Dougherty	Camilla	10-047
Bacon	Blackshear	10-003		Douglas	Newnan	10-048
Baker	Camilla	10-004		Early	Bainbridge	10-049
Baldwin	Tennille	10-005		Echols	Valdosta	10-050
Banks	Clarksville	10-006		Effingham	Statesboro	10-051
Barrow	Gainesville	10-007		Elbert	Hartwell	10-052
Bartow	Rome	10-008		Emmanuel	Waynesboro	10-053
Ben Hill	Ocilla	10-009		Evans	Statesboro	10-054
Berrien	Valdosta	10-010		Fannin	Jasper	10-055
Bibb	Byron	10-011		Fayette	Newnan	10-056
Bleckley	Byron	10-012		Floyd	Rome	10-057
Brantley	Blackshear	10-013		Forsyth	Gainesville	10-058
Brooks	Valdosta	10-014		Franklin	Hartwell	10-059
Bryan	Statesboro	10-015		Fulton	Newnan	10-060
Bulloch	Statesboro	10-016		Gilmer	Jasper	10-061
Burke	Waynesboro	10-017		Glascocok	Thomson	10-062
Butts	Barnesville	10-018		Glynn	Blackshear	10-063
Calhoun	Bainbridge	10-019		Gordon	Jasper	10-064
Camden	Blackshear	10-020		Grady	Camilla	10-065
Candler	Statesboro	10-021		Greene	Monroe	10-066
Carroll	Newnan	10-022		Gwinnett	Gainesville	10-067
Catoosa	Lafayette	10-023		Habersham	Clarksville	10-068
Charlton	Blackshear	10-024		Hall	Gainesville	10-069
Chatham	Statesboro	10-025		Hancock	Tennille	10-070
Chatt.	Byron	10-026		Haralson	Rome	10-071
Chattooga	Lafayette	11-027		Harris	Byron	10-072
Cherokee	Jasper	10-028		Hart	Hartwell	10-073
Clarke	Hartwell	10-029		Heard	Newnan	10-074
Clay	Dawson	10-030		Henry	Barnesville	10-075
Clayton	Newnan	10-031		Houston	Byron	10-076
Clinch	Blackshear	10-032		Irwin	Ocilla	10-077
Cobb	Jasper	10-033		Jackson	Gainesville	10-078
Coffee	Douglas	10-034		Jasper	Barnesville	10-079
Colquitt	Valdosta	10-035		Jeff Davis	Douglas	10-080
Columbia	Thomson	10-036		Jefferson	Waynesboro	10-081
Cook	Valdosta	10-037		Jenkins	Waynesboro	10-082
Coweta	Newnan	10-038		Johnson	Tennille	10-083
Crawford	Byron	10-039		Jones	Barnesville	10-084
Crisp	Ocilla	10-040		Lamar	Barnesville	10-085
Dade	Lafayette	10-041		Lanier	Valdosta	10-086
Dawson	Gainesville	10-042		Laurens	Tennille	10-087
Decatur	Bainbridge	10-043		Lee	Dawson	10-088
Dekalb	Monroe	10-044		Liberty	Statesboro	10-089
Dodge	Douglas	10-045				

COUNTY	LOCATION	ST-CTY CODES		COUNTY	LOCATION	ST-CTY CODES
Lincoln	Thomson	10-090		Telfair	Douglas	11-034
Long	Statesboro	10-091		Terrell	Dawson	11-035
Lowndes	Valdosta	10-092		Thomas	Camilla	11-036
Lumpkin	Gainesville	10-093		Tift	Ocilla	11-037
Macon	Byron	10-096		Toombs	Statesboro	11-038
Madison	Hartwell	10-097		Towns	Clarkesville	11-039
Marion	Byron	10-098		Troup	Newnan	11-041
McDuffie	Thomson	10-094		Truetlen	Waynesboro	11-040
Mcintosh	Statesboro	10-095		Turner	Ocilla	11-042
Meriwether	Newnan	10-099		Twiggs	Byron	11-043
Miller	Bainbridge	11-000		Union	Clarkesville	11-044
Mitchell	Camilla	11-001		Upson	Barnesville	11-045
Monroe	Barnesville	11-002		Walker	Lafayette	11-046
Montgomery	Douglas	11-003		Walton	Monroe	11-047
Morgan	Monroe	11-004		Ware	Blackshear	11-048
Murray	Jasper	11-005		Warren	Thomson	11-049
Muscogee	Byron	11-006		Washington	Tennille	11-050
Newton	Monroe	11-007		Wayne	Blackshear	11-051
Oconee	Monroe	11-008		Webster	Dawson	11-052
Oglethorpe	Hartwell	11-009		Wheeler	Douglas	11-053
Paulding	Rome	11-010		White	Clarkesville	11-054
Peach	Byron	11-011		Whitfield	Lafayette	11-055
Pickens	Jasper	11-012		Wilcox	Ocilla	11-056
Pierce	Blackshear	11-013		Wilkes	Thomson	11-057
Pike	Barnesville	11-014		Wilkinson	Tennille	11-058
Polk	Rome	11-015		Worth	Ocilla	11-059
Pulaski	Byron	11-016				
Putman	Tennille	11-017				
Quitman	Dawson	11-018				
Rabun	Clarkesville	11-019				
Randolph	Dawson	11-020				
Richmond	Waynesboro	11-021				
Rockdale	Monroe	11-022				
Schley	Byron	11-023				
Screven	Waynesboro	11-024				
Seminole	Bainbridge	11-025				
Spalding	Barnesville	11-026				
Stephens	Clarkesville	11-027				
Stewart	Dawson	11-028				
Sumter	Dawson	11-029				
Talbot	Byron	11-030				
Taliaferro	Thomson	11-031				
Tattnall	Statesboro	11-032				
Taylor	Byron	11-033				



GUARANTEED RURAL HOUSING

ORIGINATION PACKAGE CHECKLIST

Date: _____

Applicant name(s): _____

Lender loan number: _____

Please ensure that all documents have consistent names & loan amounts.

- Uniform Residential Loan Applications (initial & final)***
Must be fully completed and signed by the applicant(s).
- Lender's Loan Underwriting Analysis***
Uniform Underwriting Analysis and Transmittal Summary or similar form signed by the underwriter.
 - Final comments and requirements of underwriter must be attached.
 - Compensating factors are attached, if required by Rural Development regulations or Administrative Notices.
- Form RD 1980-21, "Request for Single Family Housing Loan Guarantee"**
Revision date 6/06 or later. Itemize the loan purposes- break out the guarantee fee if it is financed into the loan.
- Income verification***
- Credit history verification***
- Purchase agreement***
- Appraisal with color photos.**
- FEMA Form 81-93, "Standard Flood Hazard Determination"**
NA if refinancing a RD direct or guaranteed debt.
- For Non-U.S. Citizens, evidence of legal admittance for permanent residence or indefinite parole.**

HIGH QUALITY COPIES are acceptable

rev. 8/06

*** Rural Development, Fannie Mae, Freddie Mac, VA and FHA-HUD forms are acceptable.**



UNITED STATES DEPARTMENT OF AGRICULTURE
GUARANTEED RURAL HOUSING

FINAL SUBMISSION CHECKLIST

BORROWERS: _____

LENDER: _____

- FORM RD 1980-19, LOAN CLOSING REPORT**

- GUARANTEE FEE PAYABLE TO RD (.02 X LOAN AMOUNT = FEE)**
(2% fee was effective 12/12/04)

- COPY OF PROMISSORY NOTE AND SECURITY DEED**

- COPY OF THE HUD-1 SETTLEMENT STATEMENT**

- FORM 1980-11 LENDER RECORD CHANGE**

LENDER CERTIFICATIONS:

- REVERSE OF FORM RD 1980-18 and**

- ATTACHMENT TO FORM 1980-18**

**THE LENDER IS RESPONSIBLE FOR MAINTAINING ALL REQUIRED DOCUMENTS
IN LENDER'S FILE SUBJECT TO BEING REVIEWED BY RURAL DEVELOPMENT.**



CREDIT WAIVER

BORROWER(S): _____

LENDER: _____

The Credit Report obtained in connection with the subject borrower's application for a RURAL DEVELOPMENT Guaranteed Housing loan contains adverse credit history. I have reviewed this credit report and the documentation provided by the applicant to explain the cause of the adverse ratings and have determined that:

The above explanation meets ALL of the following conditions:

- 1) The circumstances were of a temporary nature,**
- 2) Were beyond the applicant's control,**
- 3) And they (circumstances) have been removed.**

Therefore, in accordance with RD Instruction 1980-D, paragraph 1980.345(d)(3), I hereby waive the adverse credit history and has determined that this borrower is creditworthy. I am not waiving an outstanding judgement.

Signature of Underwriter

Date



RATIO WAIVER

Date: _____

Applicant's Name: _____

Underwriting Lender's Name: _____

Underwriter's Name: _____

Underwriter's Phone # _____

Proposed Ratios: **Front** _____ **Back** _____

Compensating Factors:

Attach any additional comments, documentation or recommendations.

I, the Underwriter, hereby approve the proposed ratios based on the compensating factors listed above. As the primary decision-maker, I am responsible for ensuring that the ratios are reasonable and in compliance with the current USDA RD Administrative Notice (AN) concerning debt ratio waivers.

Signature of Underwriter

Date

RD concurrence:

Signature of Approval Official

Date

PAYMENT COMPARISONS

Sales Price of \$150,000

Loan Program	Conventional 100%	80/20 Combined Rate	80/20	FHA	RD
Loan Amount	150000.00	150000.00	120,000.00/30,000.00	152605.00	153000.00
Rate	6.875	9.00	6.5/9.875	6.5	6.5
P & I	985.39	1206.93	758.52/260.50	964.61	968.49
Mtg Insur	120.00	0	0	62.65	0
Base Payment*	1105.00	1206.93	1019.02	1027.26	968.49
Points of Interest	620 Credit Score Borrower must put \$500 into transaction		620 Credit Score for first. 2nd rate depends on credit score. 2nd requires 660 credit score	3% + \$300 added to sales price for down payment Assistance	2% GRH fee can be added above appraised value NO Mortgage Insurance Income Limits Property Standard Requirements NO Sales Price Limit Gov't backed

* Does not include taxes and insurance